

# Real Estate Assets



## Department Description

The Real Estate Assets Department manages the City's real estate portfolio and directs the operations of Concourse and Parking Garages, QUALCOMM Stadium, and PETCO Park. The Real Estate Assets Department is organized to reflect its core lines of business: Acquisition/Disposition, Asset Management, Valuation, and Corporate Services.

The Acquisition/Disposition Division provides acquisition and relocation services for the City of San Diego including appraisal and acquisition of sites for public facilities, parks, open space, and right-of-way for the Streets Division of General Services. The Division is also charged with cataloging and evaluating City assets to determine which properties are essential for the City's core mission and which can be deemed surplus and made available for disposition. The Division handles the disposition of properties that are determined to be surplus.

The Asset Management Division is responsible for managing the City's diverse real estate portfolio. The Asset Management Division's responsibilities include the administration of over 600 of the City's existing leases, permits, operating agreements, use and occupancy agreements, and sub-leases. Another primary function is the management and administration of redevelopment of existing leaseholds. The Division handles the negotiation of new leases and permits, renewing expired leases and permits, calculates and implements rental adjustments, and ensures lease compliance.

The Valuation Division is responsible for planning and directing all the valuation on appraisal projects for the City of San Diego. The Division also conducts special real estate analyses, studies, and projects. It also interacts with City management, City departments, tenants, and the public on real estate valuation, litigation, and arbitration issues.

The Corporate Services Division is tasked with planning, organizing, and executing transactions that support all of the City's facility needs. The Division works with individual City departments to determine how much space is needed and whether the requirement can be best accommodated through occupancy of City-owned properties, a lease from an outside entity, or the acquisition of a new facility.

The Concourse and Parking Garage special revenue fund provides management for the rental and use of the Community Concourse facilities. In addition, the Department manages the Evan V. Jones Parkade and World Trade Center (WTC) garages in order to provide parking spaces for employees, WTC lessees, and the general public. The Community Concourse is comprised of Golden Hall, Plaza Hall, various conference rooms, box offices, administration offices, and support facilities.

# Real Estate Assets

The Department's mission is:

*To acquire and manage real estate for the highest public use and benefit, generate maximum revenue through leasing and sales of surplus assets, and maximize the overall financial return of the City's real estate portfolio*

## Goals and Objectives

The following goals and objectives represent the action plan for the Department.

### ***Goal 1: Professionally manage real estate assets***

The City has over 600 leases that generate over \$66.0 million in annual revenue. To maximize this income stream, the City's lease portfolio requires expert management to ensure that the leaseholds continue to perform at their highest possible level. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Exercise effective lease administration
- Improve value of assets

### ***Goal 2: Optimize the City's assets***

The City owns over 3,800 properties with a total size of approximately 120,000 acres. Included in the portfolio are surplus properties that do not directly provide value to the City. The surplus properties are put to use either by leasing them to create revenue for the City or by selling them to generate revenue for the Capital Improvement Fund. The money generated by the leasing and sale of the City's real estate is a vital component of the City's budget. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Develop new revenue sources
- Divest surplus property
- Maximize lease revenue
- Create redevelopment opportunities

### ***Goal 3: Optimize human resources***

Management of the City's real estate portfolio requires a staff with high levels of technical competency and professionalism. These skill-sets must be developed and nurtured for the City's real estate portfolio to achieve optimum performance. The Department will move toward accomplishing this goal by focusing on the following objective.

- Create a culture of success
- Continually improve skills and training

### ***Goal 4: Centralize management of the City's workspace resources***

The City has over 10,000 employees. The implementation of an effective facility plan can reduce costs and improve efficiency City-wide. The Department will move toward accomplishing this goal by focusing on the following objectives.

- Enhance operational efficiency
- Provide a quality work environment at the best price

## Service Efforts and Accomplishments

The Real Estate Assets Department has made many changes in the way it conducts its core functions to ensure that the City's real estate assets are maintained and managed to the highest standards. The Department's changes resulted in the following accomplishments:

- Completed a comprehensive Portfolio Management Plan of all the City's properties and leases
- Implemented its state-of-the-art software system (REPortfolio) that replaced the Department's antiquated and outdated mainframe-based system
- Completed scanning paper files to an electronic format for easier access and improved security
- Sold 26 surplus properties with a total value of over \$37.0 million
- Negotiated a ten year lease for the Family Justice Center that saves the City \$500,000 per year
- Negotiated a \$20 million lease with the school district to occupy two floors of the new Main Library
- Currently marketing 10 surplus properties for sale with an estimated total market value of \$20.0 million
- Currently has 91 telecommunication sites generating over \$2.25 million in annual rent
- Entered into 15 new telecommunication agreements that will generate \$2.9 million in revenue to the City over the next 10 years
- Currently negotiating 20 additional telecom agreements for \$560,000 in annual revenue
- Completed an RFP for the Mission Bay Sportscenter site. A new lease agreement is being negotiated which will generate a significant increase in revenue from the location.
- Completed a lease extension with AEG Management SD, LLC for operation of the San Diego Sports Arena through 2020
- Currently finalizing negotiations with Save our Heritage Organization for operations of the Marston House
- Conducted over 200 inspections of City lease sites
- Completed the acquisition of 13 parcels, expending a federal grant of \$5 million for the preservation of Vernal Pools and expansion of the Multiple Species Conservation Program (MSCP) footprint.
- Completed the acquisition of property for the Gonsalves Canyon Park in Pacific Highlands
- Acquired possession of property required for the expansion of Carroll Canyon Road in Mira Mesa
- Acquired property in Mission Hills for the development of Olive Street Park
- Completed acquisitions of all easements required for the re-construction of Mount Soledad Road
- Identified and valued approximately \$212 million of real estate which was pledged in the General Fund Master Bond Refunding and the McGuigan Pension restructuring projects
- Completed 170 appraisal assignments
- Continued to support CCDC on the Civic Center Redevelopment project
- Managed 15 moves, tenant improvements, or reconfigurations (including the Redistricting Commission, the OneSD team, and Neighborhood Code Compliance)
- Utilized newly-implemented software to prepare Lease Commitments report for CAFR and Fiscal Year 2012 non-discretionary rent budget in approximately 20 percent of the time required in Fiscal Year 2010
- Negotiated a settlement with the U.S. Navy for the Mount Soledad Memorial site
- The parking garages provide parking for more than 1,100 City employees annually. During the past year, the Concourse has been the site for more than 110 events which include the following:
  - Naturalization ceremonies for immigrants becoming United States citizens
  - Salvation Army holiday dinners
  - Homeless Children's Christmas parties
  - California State Bar exams
  - Various employment job fairs
  - Election Central
  - American Best Cheer Competitions

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## Key Performance Indicators

Performance Measure	Actual FY 2010	Estimated FY2011
Amount of revenue collected from leases	\$66.9M <sup>1</sup>	\$66.0M
Amount of revenue received from telecommunication/antenna facilities located on City-owned property	\$1.9M <sup>1</sup>	\$2.5M
Number of required appraisals completed	170	100

1. Figures are based on actual revenues received in SAP as of 2/14/11.

# Real Estate Assets

## Department Summary

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Positions	30.00	29.00	(1.00)
Personnel Expenditures	\$ 3,352,518	\$ 3,160,563	\$ (191,955)
Non-Personnel Expenditures	4,691,959	3,966,406	(725,553)
<b>Total Department Expenditures</b>	<b>\$ 8,044,477</b>	<b>\$ 7,126,969</b>	<b>\$ (917,508)</b>
<b>Total Department Revenue</b>	<b>\$ 47,359,470</b>	<b>\$ 42,648,595</b>	<b>\$ (4,710,875)</b>

## General Fund

### Department Expenditures

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Real Estate Assets	\$ 4,511,955	\$ 4,338,005	\$ (173,950)
<b>Total</b>	<b>\$ 4,511,955</b>	<b>\$ 4,338,005</b>	<b>\$ (173,950)</b>

### Department Personnel

	FY2011 Budget	FY2012 Proposed	FY2011–2012 Change
Real Estate Assets	28.00	27.00	(1.00)
<b>Total</b>	<b>28.00</b>	<b>27.00</b>	<b>(1.00)</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Equipment/Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	\$ 199,081	\$ -
<b>Non-Discretionary Adjustment</b> Total expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.	0.00	47,996	-
<b>Reduction of Promotional Advertising</b> Reduction of promotional advertising expenditures.	0.00	(3,500)	-
<b>Reduction of Travel Expenditures</b> Reduction of travel expenditures related to training.	0.00	(10,500)	-
<b>Reduction in Supplies and Contracts</b> Additional reduction of supplies and contracts expenditures after a review of prior year spending trends.	0.00	(23,171)	-
<b>Reduction of Supervising Property Agent</b> Reduction of 1.00 Supervising Property Agent. The reduction of this position may impact the management of properties citywide.	(1.00)	(95,173)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2012 revenue projections.	0.00	-	172,913

# Real Estate Assets

## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>One-Time Reductions and Annualizations</b>	0.00	-	(4,278,788)
Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2011.			
<b>Total</b>	<b>(1.00)</b>	<b>\$ 114,733</b>	<b>\$ (4,105,875)</b>

## Expenditures by Category

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
<b>PERSONNEL</b>			
Salaries and Wages	\$ 1,986,558	\$ 1,871,805	\$ (114,753)
Fringe Benefits	1,165,038	1,083,003	(82,035)
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 3,151,596</b>	<b>\$ 2,954,808</b>	<b>\$ (196,788)</b>
<b>NON-PERSONNEL</b>			
Supplies	\$ 47,117	\$ 33,081	\$ (14,036)
Contracts	1,089,409	1,094,845	5,436
Information Technology	177,333	199,081	21,748
Energy and Utilities	4,122	13,488	9,366
Other	42,378	42,702	324
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 1,360,359</b>	<b>\$ 1,383,197</b>	<b>\$ 22,838</b>
<b>Total</b>	<b>\$ 4,511,955</b>	<b>\$ 4,338,005</b>	<b>\$ (173,950)</b>

## Revenues by Category

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
Charges for Services	\$ 1,299,000	\$ 1,420,239	\$ 121,239
Licenses and Permits	152,200	174,272	22,072
Rev from Money and Prop	42,357,466	38,108,280	(4,249,186)
<b>Total</b>	<b>\$ 43,808,666</b>	<b>\$ 39,702,791</b>	<b>\$ (4,105,875)</b>

## Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
<b>Salaries and Wages</b>						
20000011	1104	Account Clerk	1.00	1.00	\$31,491 - \$37,918	\$ 36,970
20000134	1218O	Associate Management Analyst	1.00	1.00	54,059 - 65,333	63,700
20000163	1228	Associate Property Agent	2.00	2.00	54,059 - 65,333	127,400
20001168	2214	Deputy Director	1.00	1.00	46,966 - 172,744	116,399
20000924	1876	Executive Secretary	1.00	1.00	43,555 - 52,666	51,349
20000172	1237	Payroll Specialist 1	1.00	1.00	33,093 - 39,832	38,836
20001222	2270	Program Manager	4.00	4.00	46,966 - 172,744	360,136
20000768	1756	Property Agent	8.00	8.00	59,363 - 71,760	481,150
20000783	1776	Public Information Clerk	1.00	1.00	31,491 - 37,918	36,970
20001137	2177	Real Estate Assets Director	1.00	1.00	31,741 - 173,971	139,194
20000869	1844	Senior Account Clerk	1.00	1.00	36,067 - 43,514	41,121
20000970	1917	Supervising Management Analyst	1.00	1.00	66,768 - 80,891	78,464
20001003	1929	Supervising Property Agent	3.00	2.00	66,768 - 80,891	166,325
20001005	1929B	Supervising Property Agent	1.00	1.00	66,768 - 80,891	78,869

# Real Estate Assets

## Personnel Expenditures (Cont'd)

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
20000756	1746	Word Processing Operator	1.00	1.00	31,491 - 37,918	35,832
		Bilingual - Regular				2,912
		Termination Pay Annual Leave				16,178
<b>Salaries and Wages Subtotal</b>			<b>28.00</b>	<b>27.00</b>		<b>\$ 1,871,805</b>
<b>Fringe Benefits</b>						
		Employee Offset Savings				\$ 33,574
		Flexible Benefits				170,521
		Long-Term Disability				16,516
		Medicare				26,904
		Other Post-Employment Benefits				163,831
		Retiree Medical Trust				358
		Retirement 401 Plan				1,436
		Retirement ARC				497,687
		Retirement DROP				14,767
		Retirement Offset Contribution				40,868
		Risk Management Administration				26,131
		Supplemental Pension Savings Plan				65,595
		Unemployment Insurance				4,036
		Workers' Compensation				20,779
<b>Fringe Benefits Subtotal</b>						<b>\$ 1,083,003</b>
<b>Total Personnel Expenditures</b>						<b>\$ 2,954,808</b>

## Concourse and Parking Garages Operating Fund

### Department Expenditures

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
Concourse & Parking Garages	\$ 3,532,522	\$ 2,788,964	\$ (743,558)
<b>Total</b>	<b>\$ 3,532,522</b>	<b>\$ 2,788,964</b>	<b>\$ (743,558)</b>

### Department Personnel

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
Concourse & Parking Garages	2.00	2.00	0.00
<b>Total</b>	<b>2.00</b>	<b>2.00</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Non-Discretionary Adjustment</b>	0.00	\$ 121,219	\$ -
Total expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.			

# Real Estate Assets

## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>Equipment/Support for Information Technology</b> Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	12,968	-
<b>Reduction of Miscellaneous Non-Personnel Expenditures</b> Reduction of cleaning and janitorial supplies, miscellaneous professional technical services and city services billed.	0.00	(37,178)	-
<b>Transfer to the General Fund</b> Reduction of the transfer to the General Fund.	0.00	(737,000)	-
<b>Revised Revenue</b> Adjustment to reflect Fiscal Year 2012 revenue projections.	0.00	-	(605,000)
<b>Total</b>	<b>0.00</b>	<b>\$ (639,991)</b>	<b>\$ (605,000)</b>

## Expenditures by Category

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
<b>PERSONNEL</b>			
Salaries and Wages	\$ 118,624	\$ 119,884	\$ 1,260
Fringe Benefits	82,298	85,871	3,573
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 200,922</b>	<b>\$ 205,755</b>	<b>\$ 4,833</b>
<b>NON-PERSONNEL</b>			
Supplies	\$ 134,500	\$ 123,422	\$ (11,078)
Contracts	1,601,367	1,596,176	(5,191)
Information Technology	11,670	12,968	1,298
Energy and Utilities	95,648	97,463	1,815
Other	1,488,415	753,180	(735,235)
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 3,331,600</b>	<b>\$ 2,583,209</b>	<b>\$ (748,391)</b>
<b>Total</b>	<b>\$ 3,532,522</b>	<b>\$ 2,788,964</b>	<b>\$ (743,558)</b>

## Revenues by Category

	FY2011 Budget	FY2012 Proposed	FY2011-2012 Change
Rev from Money and Prop	\$ 3,550,804	\$ 2,945,804	\$ (605,000)
<b>Total</b>	<b>\$ 3,550,804</b>	<b>\$ 2,945,804</b>	<b>\$ (605,000)</b>

## Personnel Expenditures

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
<b>Salaries and Wages</b>						
20000011	1104	Account Clerk	1.00	1.00	\$31,491 - \$37,918	\$ 36,970
20001003	1929	Supervising Property Agent	1.00	1.00	66,768 - 80,891	78,869
		Right Of Way Cert				4,045
<b>Salaries and Wages Subtotal</b>			<b>2.00</b>	<b>2.00</b>		<b>\$ 119,884</b>

## Fringe Benefits

Employee Offset Savings	\$ 1,188
Flexible Benefits	12,150

# Real Estate Assets

## Personnel Expenditures (Cont'd)

Job Number	Job Class	Job Title / Wages	FY2011 Budget	FY2012 Proposed	Salary Range	Total
		Long-Term Disability				1,022
		Medicare				1,723
		Other Post-Employment Benefits				12,640
		Retirement ARC				46,033
		Retirement Offset Contribution				4,039
		Risk Management Administration				2,014
		Supplemental Pension Savings Plan				3,624
		Unemployment Insurance				250
		Workers' Compensation				1,188
<b>Fringe Benefits Subtotal</b>						<b>\$ 85,871</b>
<b>Total Personnel Expenditures</b>						<b>\$ 205,755</b>

# Real Estate Assets

## Revenue and Expense Statement (Non-General Fund)

Concourse and Parking Garages Operating Fund	FY2011 Budget*		FY2012 Proposed	
BEGINNING BALANCE AND RESERVES				
Balance from Prior Year	\$	539,663	\$	—
Continuing Appropriation Reserve - CIP		—		450,000
TOTAL BALANCE AND RESERVES	\$	539,663	\$	450,000
REVENUE				
Other Centre City Rental	\$	320,804	\$	320,804
Municipal Parking Garage		2,650,000		2,125,000
HBJ Parking Garage		130,000		50,000
Concourse Event Revenue		450,000		450,000
TOTAL REVENUE	\$	3,550,804	\$	2,945,804
TOTAL BALANCE, RESERVES, AND REVENUE	\$	4,090,467	\$	3,395,804
CAPITAL IMPROVEMENT PROGRAM (CIP)				
CIP Expenditures	\$	450,000	\$	100,000
TOTAL CIP EXPENSE	\$	450,000	\$	100,000
OPERATING EXPENSE				
Operating Expenses	\$	2,045,522	\$	2,038,964
Transfer to the General Fund		1,487,000		750,000
TOTAL OPERATING EXPENSE	\$	3,532,522	\$	2,788,964
TOTAL EXPENSE	\$	3,982,522	\$	2,888,964
RESERVES				
Continuing Appropriation Reserve - CIP	\$	—	\$	450,000
TOTAL RESERVES	\$	—	\$	450,000
BALANCE	\$	107,945	\$	56,840
TOTAL EXPENSE, RESERVES AND BALANCE	\$	4,090,467	\$	3,395,804

\* At the time of publication, audited financial statements for Fiscal Years 2010 and 2011 were not available. Therefore, the Fiscal Year 2011 column reflects final budget amounts from the Fiscal Year 2011 Adopted Budget. As such, current fiscal year balances and reserves are estimates of carryover from the previous fiscal year.